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Left divided Which way for Labour?

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New Labour and the Social Democratic Alternative

by Luke Martell

Social democracy broke from Marxism at the start of the 20th century, differentiating itself over its attitude to capitalism, class, and parliament. Capitalism was deemed not to be doomed to collapse through its own contradictions, but a robust system that could be worked with from within. Rather than the class system polarising, middle classes were emerging with different values to the industrial proletariat so that social democracy's ideology would have to appeal to them too. Parliament was not just a tool of the bourgeoisie. It could be used for social reforms that benefitted the working class within capitalism rather than something to be overthrown in a revolution to a new system.

The UK Labour Party came from the trade unions rather than out of Marxism as elsewhere in Europe but adopted these positions on capitalism, class, and state. Postwar social democracy went further. A commitment to public ownership became diluted in favour of a greater emphasis on indirect control of the economy via Keynesianism, allowing much private ownership to be left intact. As the class structure evolved, appealing to an aspirational working class and the expanding middle-class became electorally essential, especially as the right was able to gain votes amongst the workers.

The British Labour Party was slower than its sister European social democratic parties to revise itself away from traditional commitments but in the 1980s Neil Kinnock's policy review followed by Blair's leadership of the party moved things along until New Labour overtook its neighbours, startling them by its willingness to shed social democratic commitments. Blair told European social democrats to "modernise or die". He believed in negative as much as positive integration at a supra-national level.

In the 1980s market socialist theory was revived, some of its proponents later advising Blair, and there were discussions in left and liberal rethinking of more radical democracy. These were reactions to neoliberalism, paternalistic social democracy, and state socialism.

Some of the discussions fed into Blairism. Blair shifted Labour from a pragmatic acceptance of the market to a more principled one committed to its advantages over planning, from a belief in the mixed economy to the free market economy, and from regulated markets to deregulating them, not only nationally but also via the EU. The Labour left had seen the latter as a capitalist institution that needed to be exited to allow socialism to be pursued. Some of the proposals of the radical democrats fell by the wayside but New Labour introduced devolution to Scotland, Wales and Northern Ireland (alongside quite a bit of centralised interventionism and conservative moralism) and the Human Rights Act.

Blair made a symbolic break with public ownership, already underway in practice, removing it from the party constitution. He said he wanted to avoid ideological dogmas, instead following the pragmatic principle that what matters is what works. Labour, he said, should stick to its values but be imaginative about the means for achieving these, not be wedded to mechanisms that were no longer relevant as if ends in themselves. While the Tories had privatised publicly owned parts of the economy, New Labour continued the work and spread private ownership into the public sector where

it had been thought profit could not be a motivating factor. They allowed internal markets in the NHS and turned higher education into a commodity, sold to consumers rather than planned and free at the point of delivery.

Keynesianism and tax and spend were seen as difficult in a deterministically defined globalised world and because of inflation and the unwillingness of the electorate to vote for income tax rises. Demand-side economics were replaced by the supply-side, Gordon Brown's "prudence with a purpose", cautious spending but directed at specific ends, and business-friendly stability in economic policies. In practice, targeted increases in spending continued, financed in alternative ways.



However, the abandonment of means for achieving equality, such as public ownership and tax and spend, made the old ends more difficult to achieve. And Blair redefined the ends as well as the means of social democracy, moving from declarations for equality of outcome to equal opportunities. But as inequality was explicitly accepted and allowed to grow, equal opportunities were undermined. In reality the commitment was to minimum opportunities, via a minimum wage, welfare to work and education and training. Social democratic sentiments may have been detectable but less so social democratic values and policy. This was more social liberalism than social democracy, social inclusion rather than equality, giving a leg up to individual achievement in place of collective provision. There was a tension between more neoliberal economic policy on one hand that allowed inequality to rise and social policy and elements of redistribution by stealth that tried to correct this: the "third way", not so much beyond left and right as combining them with the contradictions that involves. The outcome was that the working poor benefitted from initiatives like the minimum wage and tax credits, but the gap between the non-working poor - hit by benefit cuts and the view that the solution to their problems was work not welfare - and the rich, allowed to get richer, got wider.

Blair drove home peace in Northern Ireland. Health and education benefitted from funding boosts. But Blair committed the UK to an ill-founded war that led to mass slaughter in Iraq, something he still refuses to apologise for. And New Labour solidified the neo-liberal revolution, offering help to those suffering its worst consequences, but making the private sector, free markets, and deregulation into a default in public policy reform, accepted across the spectrum. Thatcher is reported to have said her greatest achievement was Tony Blair and New Labour, and equality and collectivism moved from accepted norms to outside the mainstream. British politics no longer had a social democratic alternative at the core of politics and key positions in contemporary political ideologies were not available to the electorate beyond small Green and left parties with no chance of significant representation in a First Past the Post electoral system. It was a long way from Labour the party of the trade unions and working class, pursuing socialist reforms to capitalism using the state.

Ed Miliband, the first post- Brown and Blair leader, added leftwards tweaks to Labour but they were tentative. He took an anti-immigration stance that helped fuel unfounded assumptions about migration and fed into public prejudice and the Brexit vote. It was not the more left policies that put the public off Miliband's Labour but his perceived lack of Prime Ministerial qualities and the possibility of a post-election coalition with the Scottish National Party, impressions encouraged by the Tories. The Conservatives were re-elected in 2015. The financial crisis, ideal ground for arguing against short-termism, deregulation, and excess at the top, and for reflationary economics and spending on public infrastructure, was not exploited by a timid

and neoliberal centre-left. They allowed the Conservatives to falsely blame the deficit on alleged profligacy by their own party – if anything to do with Labour, it was more the financial deregulation Brown had introduced at fault - and to use the crisis and inappropriate language of household spending to justify public sector cuts, driven by ideology but disguised as necessity.

Austerity policies, however, fired the real left. Anti-austerity protest and areas of local government and the voluntary sector mobilised to promote ideological and policy alternatives and support for those at the sharp end of government policies. Jeremy Corbyn rose on the basis of these movements, taking everyone by surprise, except supporters derided for their faith in his ability to mobilise popular support, winning Labour's leadership and significantly increasing the party's vote at the 2017 election. Corbyn has brought back egalitarian values and a critique of the rich separating themselves from society and their social obligations. He has been building an agenda for social ownership, an instrument Blair swept away as archaic. Rather than throwing social ownership out with its statist past, Corbyn's proposals are for democratised and decentralised social ownership, mutualism, and popular participation in decision-making.

Blairism isn't dead. It has a potential base in the private sector middle classes, more affluent working class, Parliamentary Labour Party and think tanks like Progress. But Corbyn has won back young people to Labour, long alienated by its failure to provide an alternative to neoliberalism, Old Labourites and even Marxists who have discovered a belief in the possibility of social democracy. He is popular with the educated, and ahead among the traditional working class and socially excluded. Collectivism, economic democracy, and equality are back as mainstream parts of UK political discourse. After New Labour we have neither New Labour's post-Thatcherism nor Old Labour, but a social democratic alternative again, with a cross-class basis, some old values and democratic and devolved means of social ownership for achieving them



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